

Message Text

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PAGE 01 BUENOS 06850 121320Z

51

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 OMB-01 L-03 H-03

CIAE-00 INR-11 NSAE-00 RSC-01 PA-04 PRS-01 USIA-15

AID-20 DRC-01 /092 W

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R 121202Z SEP 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 8075

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E.O. 11652: N/A

TAGS: EIND, EINV, AR

SUBJECT: CHRYSLER OF ARGENTINA RAISES AUTOMOBILE PRICES

1. THE PRESIDENT OF CHRYSLER OF ARGENTINA, HERBERT LESHINSKY, INFORMED THE EMBASSY TODAY, SEP 11TH THAT HE WAS PLANNING TO DELIVER THIS EVENING A LETTER TO MINISTER OF ECONOMY GELBARD INFORMING HIM THAT AS OF SEP 12, CHRYSLER IS RAISING ITS PRICES BY 19 PERCENT. THE LETTER GOES ON TO REITERATE WHAT CHRYSLER HAS ALREADY DEMONSTRATED IN GREAT DETAIL TO THE GOVERNMENT: THAT IT IS LOSING A GREAT DEAL OF MONEY AT CURRENT CONTROLLED PRICES.

2. THIS PRICE INCREASE IS IN DIRECT CONTRAVENTION OF ARGENTINE PRICE CONTROL LAWS, WHICH REQUIRED THAT MAJOR FIRMS SECURE GOVERNMENT PERMISSION BEFORE RAISING PRICES. CHRYSLER'S LETTER EXPLAINS TO THE MINISTER THAT IN THE PAST THE PRICE INCREASES PERMITTED BY THE GOVERNMENT HAD BEEN TOO LITTLE AND TOO LATE AND HAVE NOT SERVED TO PREVENT LARGE LOSSES. THIS SITUATION, CHRYSLER EMPHASIZES, CANNOT CONTINUE.

3. UNDER ARGENTINE LAW, THE RESPONSIBLE OFFICERS OF CHRYSLER COULD BE SUBJECT TO SUMMARY ARREST AND IMPRISONMENT OR STILL FINES.

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PAGE 02 BUENOS 06850 121320Z

4. COMMENT. IT IS UNLIKELY THAT THE GOVERNMENT WILL FEEL ABLE TO

ALLOW THE PRICE INCREASES TO TAKE EFFECT WITHOUT A FAIRLY STRONG
REACTION, IF IT BECOMES PUBLIC. IF IT DOES NOT BECOME
PUBLIC, THE GOVERNMENT MAY TRY TO NEGOTIATE A PRICE
INCREASE OF SOMEWHAT LOWER THAN 19 PERCENT.
HILL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, LAW, PENAL SYSTEM, PRICE TRENDS, PRICE CONTROLS, DIPLOMATIC COMMUNICATIONS, ARRESTS, GOVERNMENT REACTIONS
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Draft Date: 12 SEP 1974
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
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To: STATE
Type: TE
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